

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF USA MOBILE)	
COMMUNICATIONS, INC. II AND ARCH)	
COMMUNICATIONS GROUP, INC. FOR AN ORDER)	CASE NO. 95-357
AUTHORIZING THE ASSUMPTION OF)	
INDEBTEDNESS)	

O R D E R

On September 5, 1995, USA Mobile Communications, Inc. II ("USA II") and Arch Communications Group, Inc. ("Arch") filed their application for authorization pursuant to KRS 278.020(4)¹ and 278.300 to assume certain indebtedness as described in Exhibit B of the application. The purposes of the indebtedness are: (1) to function as a necessary component of its merger plan; (2) to finance other pending acquisitions; (3) to redeem any 14 percent Notes which may be tendered in 1995; and (4) to provide financing for the continued expansion of its paging operations.

USA II and Arch have entered into agreements with The Bank of New York, Shawmut Bank Connecticut, N.A., PNC Bank, National Association, Toronto Dominion (New York), Inc. and The First National Bank of Boston (collectively, the "Lenders") and the Bank

¹ KRS 278.020(4), which provides the standards for transfer of a jurisdictional utility, does not apply in this case. This statute applied in Case No. 95-191, The Application of USA Mobile Communications Holdings, Inc. and USA Mobile Communications, Inc. II for an Order Authorizing Change in Ownership and the Issuance of Securities as a Result of the Change in Ownership, in which the Commission approved the proposed merger of USA II and Arch.

of New York as administrative agent. The Lenders have made commitments to provide financing through a Revolving Credit Facility to provide cash working capital and a Debenture Refinancing Facility to repurchase 14 percent Notes after consummation of the merger. Under the Revolving Credit Facility, the Lenders have agreed to advance up to \$50 million. Under the Debenture Refinancing Facility, the Lenders have agreed to advance up to \$105 million. Both Facilities will be secured by a pledge by Arch of its stock in its subsidiaries and the pledge of the shares of USA II held by USA Mobile Communications Holdings, Inc. Both obligations are fully described in the application under Exhibit B.

The Commission, having considered the evidence of record and being sufficiently advised, finds that the proposed assumption of the Revolving Credit Facility and the Debenture Refinancing Facility agreements by USA II and Arch are for lawful objects within the corporate purposes of USA II and Arch, are necessary and appropriate for and consistent with the proper performance of USA II's and Arch's service to the public, and will not impair their ability to perform that service, and are reasonably necessary and appropriate for such purposes, and should therefore be approved.

IT IS THEREFORE ORDERED that:

1. USA II and Arch be and hereby are authorized pursuant to KRS 278.300 to issue, sell, and assume the indebtedness described in the application.

2. The proceeds from the transactions authorized herein shall be used only for the lawful purposes as set out in the application.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to securities authorized herein.

Done at Frankfort, Kentucky, this 7th day of September, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director